



## 35<sup>th</sup> Annual FAA Aviation Forecast Conference

# Air Cargo Challenges & Trends

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# Industry Players

- ☐ Airlines
- ☐ Air Freight Forwarders
- ☐ Airports
- ☐ Truckers
- ☐ Shippers
- ☐ Customs



## **Air Cargo Industry Profile – U.S. Air Trade**

- ❑ Measured by Weight, Air Trade is 0.5% of the Total**
- ❑ Measured by Value, Air Trade is 26.8% of the Total**

Source: U.S. Department of Commerce, Foreign Trade Statistics, 2008



## Air Cargo Industry Profile (Continued)

### ❑ Primary Commodities in U.S. Air Trade

#### Ranked by Weight

Machinery  
Electrical Machinery  
Optical & Medical Instruments  
Fish and Seafood  
Plastic

#### Ranked by Value

Electrical Machinery  
Machinery  
Optical & Medical Instruments  
Precious Stones, Metals  
Pharmaceutical Products

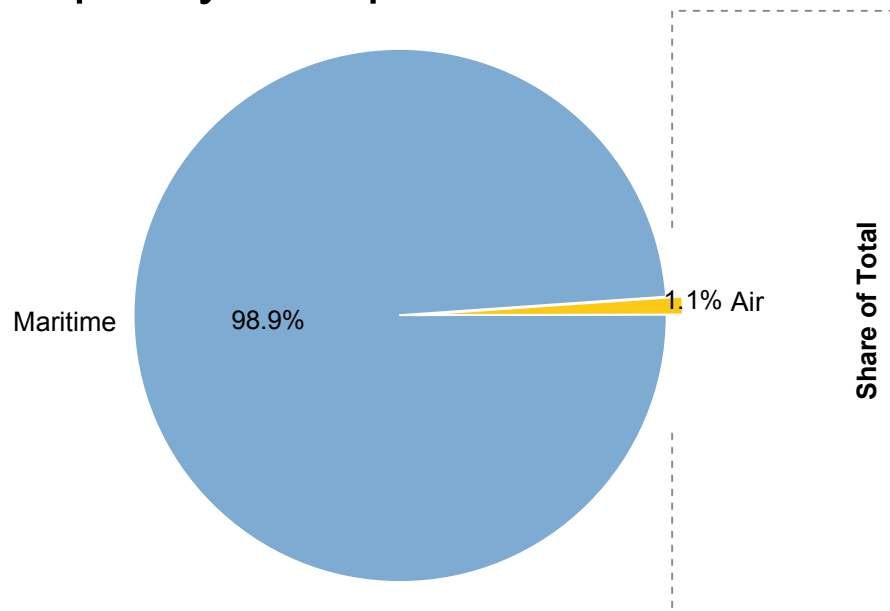
Source: U.S. Department of Commerce, Foreign Trade Statistics, 2008



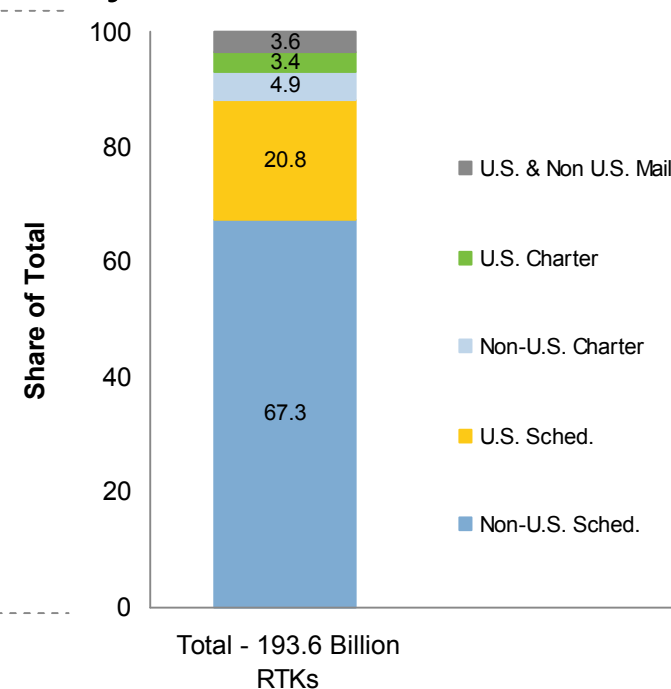
# Air Cargo Industry Profile (Continued)

## World Air Cargo Traffic

### Air vs. Maritime Cargo\* Capacity Comparison



### 2007 Air Cargo Market Share by Airline Domicile



Source: Boeing World Cargo Forecast 2008 - 2009

\*Note: Dry cargo portion after bulk commodities have been subtracted.

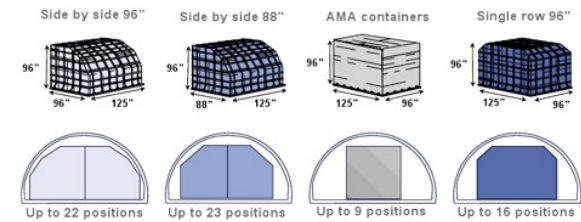


# Air Cargo Industry Profile (Continued)

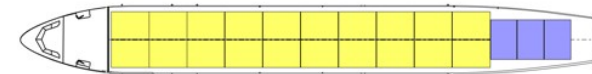
## Main Deck – Freighter



### MAIN DECK: Cargo configuration and volumes



**Side by side 96"x125"x96" pallets (standard)**  
Main deck useable volume: 11,865 ft<sup>3</sup> (336 m<sup>3</sup>)  
18 pallets 96"x125" SBS and 4 pallets 96"x125" SR



**Side by side 88"x125"x96" pallets (option)**  
Main deck useable volume: 11,490 ft<sup>3</sup> (325 m<sup>3</sup>)  
20 pallets 88"x125" SBS and 3 pallets 96"x125" SR



**Single row 96"x125"x96" pallets (option)**  
Main deck useable volume: 9,500 ft<sup>3</sup> (269 m<sup>3</sup>)  
16 pallets 96"x125" SR

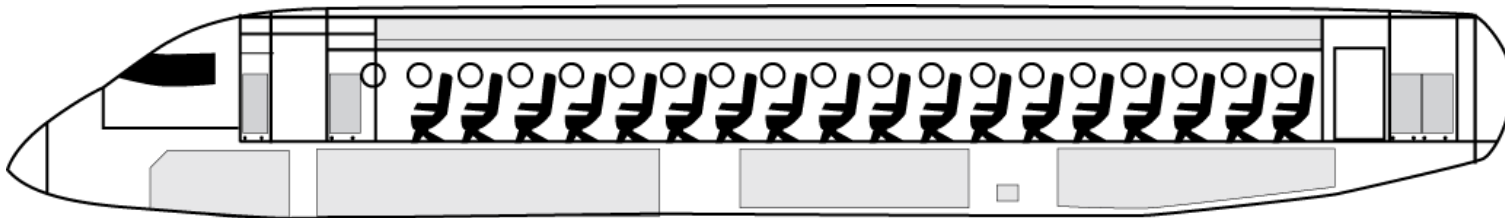


**AMA containers (option)**  
Main deck useable volume: 7,840 ft<sup>3</sup> (222 m<sup>3</sup>)  
9 AMA containers and 4 pallets 96"x125" SR



## Air Cargo Industry Profile (Continued)

### Lower Deck – Passenger and Freight





# Air Cargo Challenges

**Airlines**

**Forwarders**

**Airports**

Global Economy

Yields

Fuel

Security

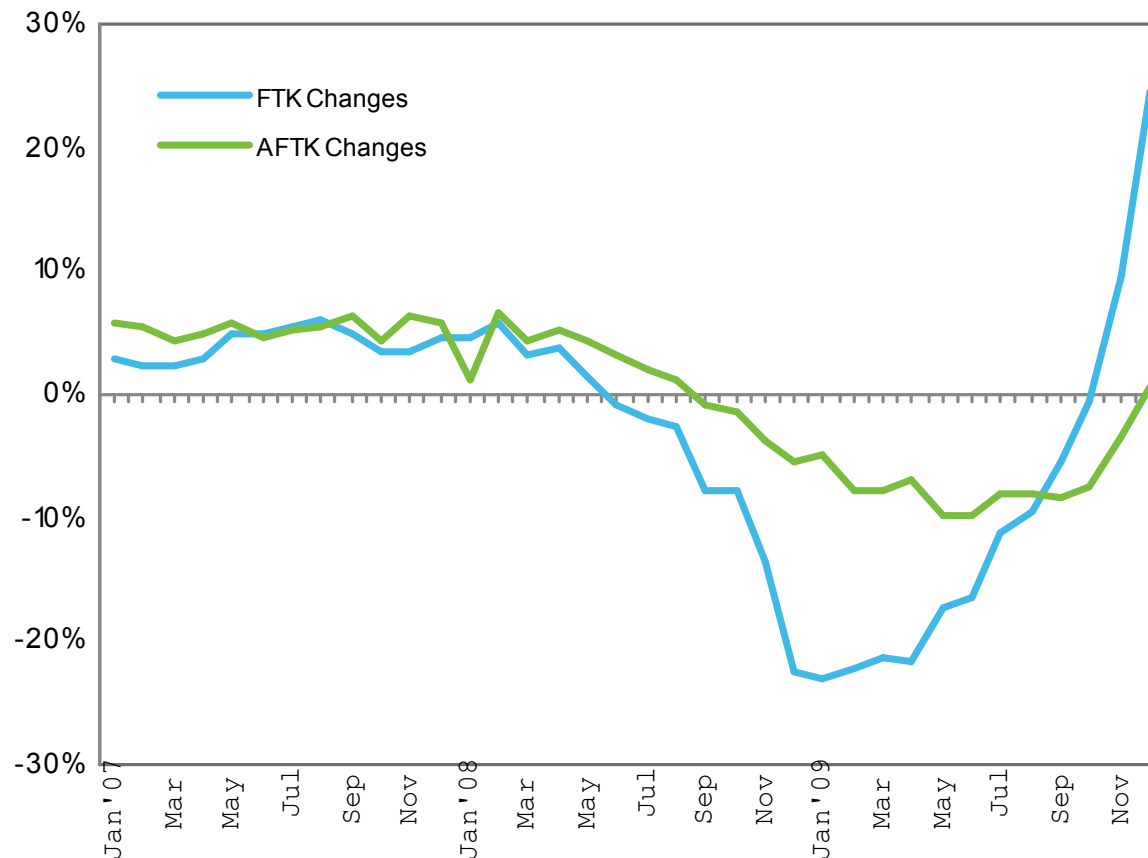
Environment





# Global Economic Struggles Have Affected Demand for Air Cargo

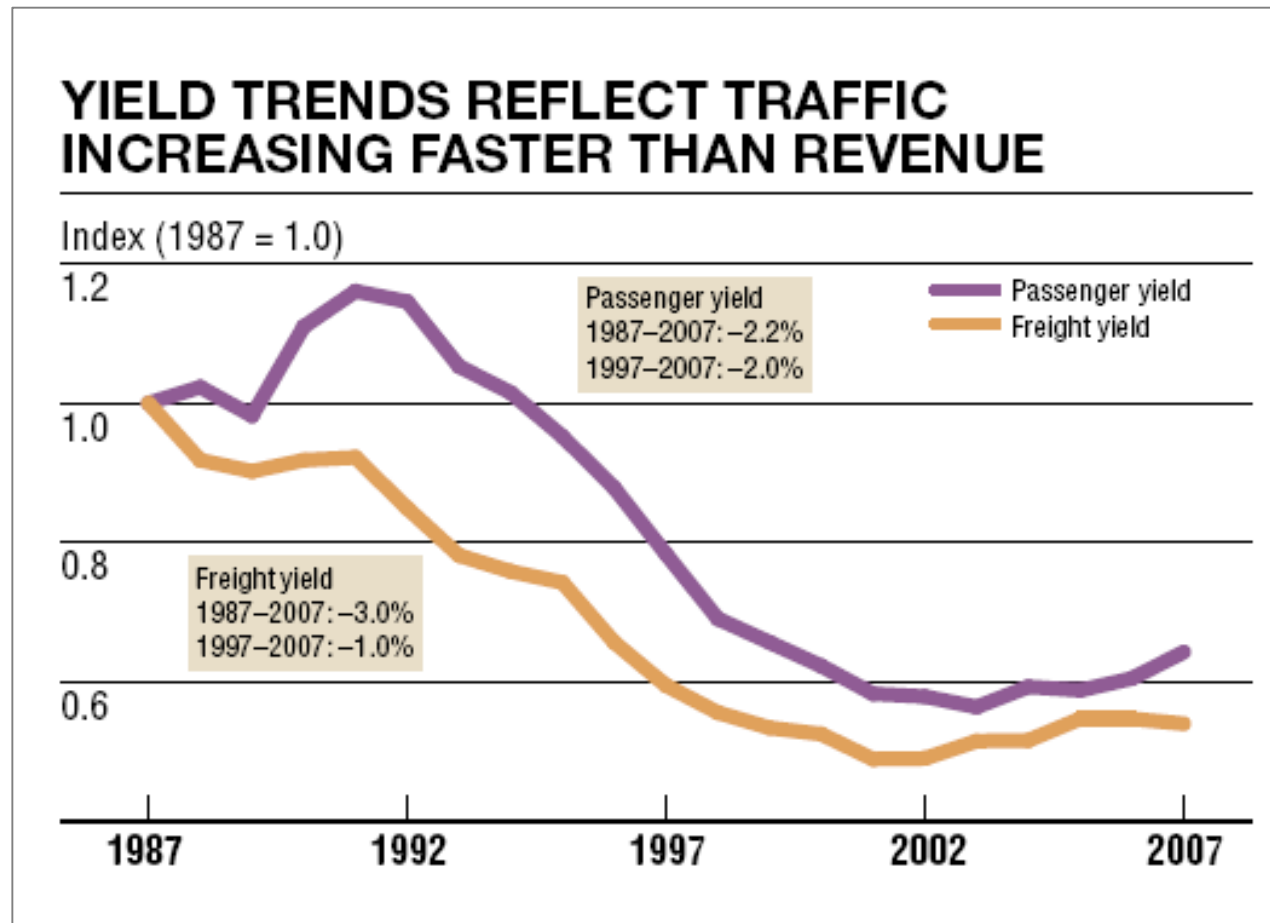
## World Air Cargo Monthly Changes – YOY Jan 2007 through Dec 2009



Source: IATA



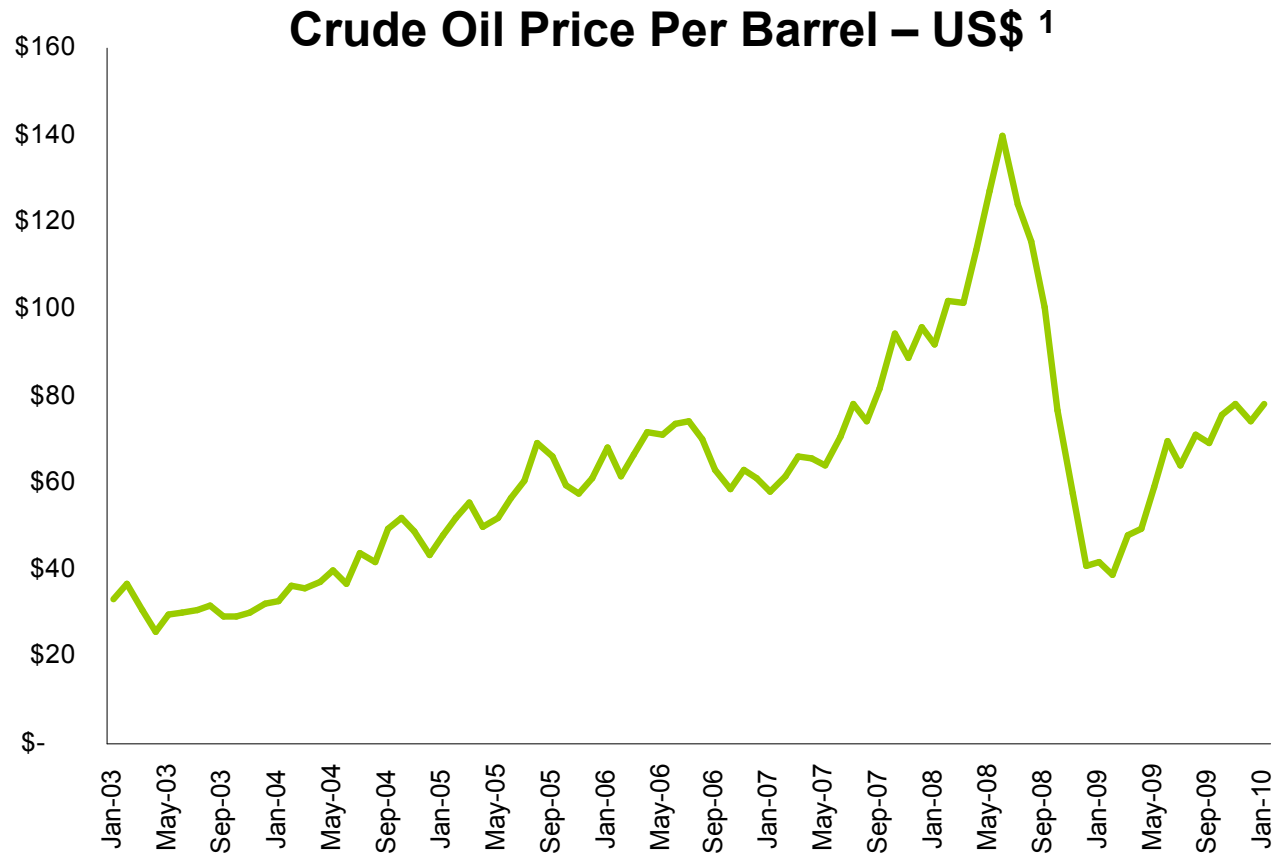
# Air Cargo Yields Have Declined at 3.0% Per Year Since 1987



Source: Boeing World Cargo Forecast 2008 - 2009



# Fuel Prices Continue to Be an Issue



<sup>1</sup> West Texas Intermediate Cushing spot pricing.

Source: Bloomberg



## Security Issues Impact Air Cargo

- ☐ New rules – 100 % screening by August 2010
- ☐ Impact all parts of logistics chain
- ☐ Significant impact on off-site forwarders and consolidators
- ☐ Cutoff times affected
- ☐ Pressure on Infrastructure



# Environmental Issues

- ☐ EU Emissions regulations
- ☐ Aviation contribution is less than perception
- ☐ Bio-fuels
- ☐ Status on proposed regulations



# Trends

## ☐ Recovery – China/Asia

- For Hong Kong, Air Exports & Imports were up 51% and 55%, respectively, for January 2010

## ☐ Freighters – Back in Operation

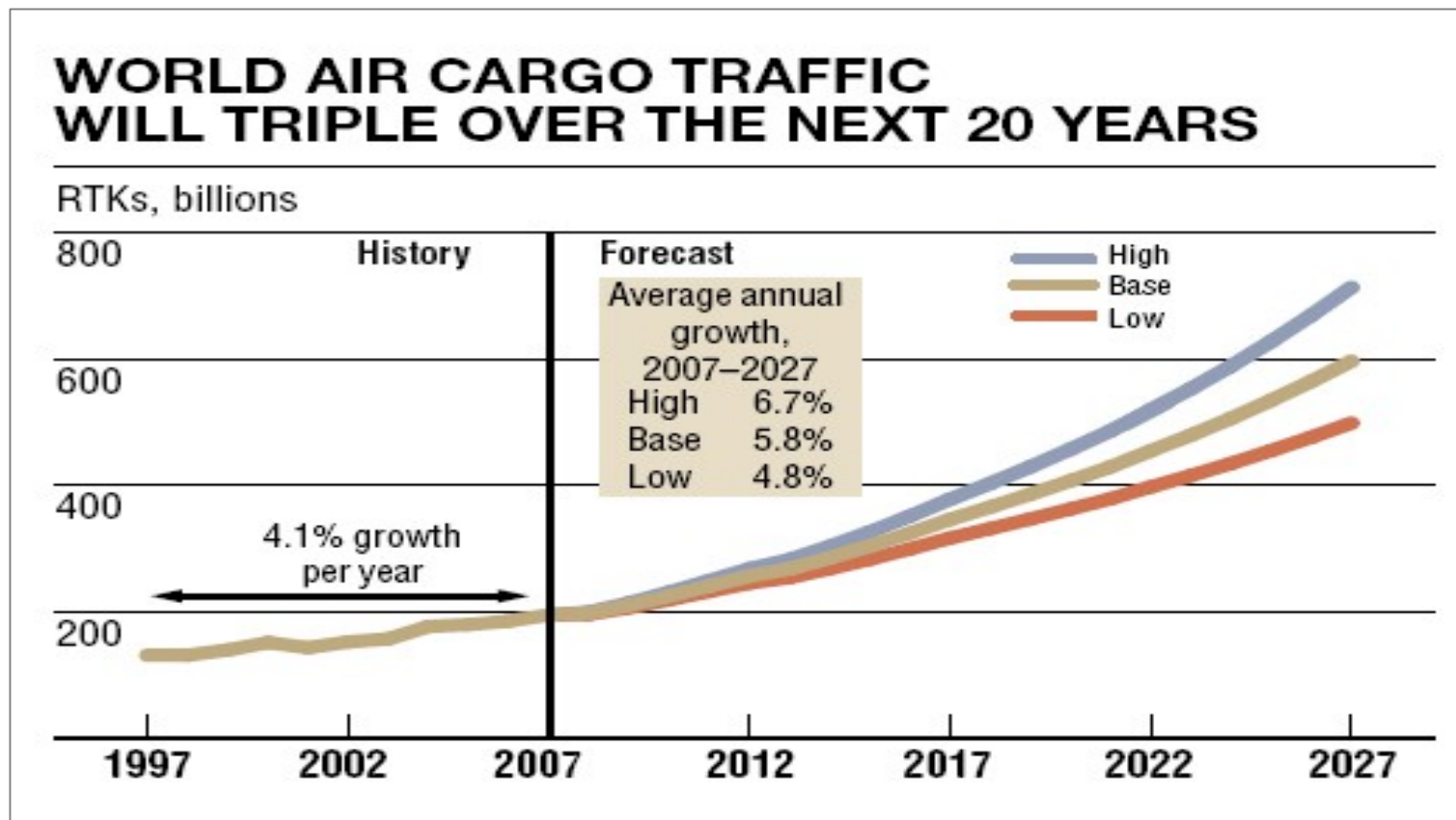
## ☐ Green Energy

- Gen X Engines
- EU Mandate

## ☐ Yields – Improving



# Long-Term Outlook for Cargo Is Still Positive



Source: Boeing World Cargo Forecast 2008 - 2009



**Thank You!**